



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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BOARD OF SUPERVISORS

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April 15, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

TEMPORARY MEDICAL PERSONNEL SERVICES AGREEMENT AMENDMENTS
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to amend form agreements for Respiratory Care and Temporary Medical Support Services, for Pharmacy Services only, (as listed in Attachment C), with temporary personnel registry agencies to establish rates that are consistent with the minimum level paid to the registry agencies for respiratory care and pharmacy services by non-County providers. These services will be performed at an estimated cost of \$11.3 million, effective upon Board approval through June 30, 2005, with two one-year automatic renewals through June 30, 2007.
2. Delegate authority to the Director of Health Services, or his designee, upon review and approval of County Counsel and the Chief Administrative Officer, to negotiate and execute form agreements with any additional registry agencies for respiratory care and pharmacy services that are willing to agree to the County's terms and conditions, and so notify the Board of Supervisors.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

These actions will enable Department of Health Services (DHS or Department) to secure temporary medical personnel at a reasonable rate and in numbers sufficient to assure continued

provision of respiratory care and pharmacy services without threat of interruption to needed patient care. (See Attachment B for proposed agreement rates, by discipline, service level, and service type.)

In exchange for the increased contract registry rates, the contractors are extending the agreement term beyond June 30, 2005, with two automatic one-year extensions.

FISCAL IMPACT/FINANCING:

The estimated net County cost for these amendments is \$11.3 million, for the period commencing upon Board approval through June 30, 2005. Funding for these agreements is available for the remaining two months in the Department's Fiscal Year 2003-04 Adopted Budget through existing salary savings. Funding will be requested in future fiscal years through June 30, 2007.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Background

For a number of years, the County has contracted with Board-approved registry agencies for the provision of as-needed and part-time medical personnel services to address critical staffing shortages, peak workloads, unexpected emergencies, and vacation coverage at DHS facilities. There are six such agreements for the following services: radiology, respiratory care, home health, temporary medical support including pharmacy, neurological testing and temporary specialty medical.

On December 19, 2000, the Board approved form renewal agreements which resulted in the Department's existing contractor list (Attachment C). On June 17, 2003, the Board approved one-year extension amendments through June 30, 2004.

Nationwide, there is a critical shortage of pharmacists. According to the Health Resources and Services Administration (HRSA), the problem is expected to worsen over time, particularly in the nation's hospitals. A May 2003 survey conducted by the American Society of Health-System Pharmacists reports a 5.6 percent vacancy rate in the nation's hospitals. HRSA concludes, "(t)he statistics are clear that the current shortage of pharmacists exists and will not be quickly resolved." Exacerbating the nationwide shortage impact on the County, is the difficulty in recruiting full time staff given the current pharmacist salary rates.

Respiratory Care personnel are equally in demand by the private sector. For example, Hollywood Presbyterian Medical Center is offering a \$2,000 sign-on bonus. In addition to a sign-on bonus of \$1,000, Kindred Hospital is offering various discount programs including a Bally Sports Club Discount Program. Other out of the area California hospitals are offering up

to \$5,000 as a signing bonus. The University of California at San Francisco Medical Center's hourly salary range for respiratory care therapist is from \$32.50 to \$53.68, double the County's salary rate.

Current Status

County contract rates for the temporary medical personnel services categories of respiratory care and pharmacy are significantly below the market rate. Because these services are in demand and the County's rates are not competitive, it is difficult, if not in some cases impossible, to secure these temporary medical personnel services through our agreements. Rather than jeopardize operations, DHS facilities have, in some instances, utilized the purchase order process to secure temporary medical personnel services and pay the market rate.

The Department is requesting a rate increase for the temporary medical personnel services listed on Attachment B. The current County rates have not been raised since December 15, 1998. In fact, rates were actually decreased for two of the pharmacy items, pharmacy helper and pharmacy technician, in June 2000.

Pharmacy

The County's contracted hourly rates for Pharmacist, Pharmacy Intern, Pharmacy Helper, and Pharmacy Technician are substantially less than the rates charged and received by the registries from non-County providers. For example, the County-contracted rate for Pharmacy Intern is 300% less than the registry rate charged to and received by non-County providers. Because pharmacists are scarce and non-County providers pay substantially more than the County, the temporary personnel agencies first refer their pharmacists to the higher paying providers, which the pharmacists prefer. Consequently, there are few, if any, pharmacists remaining to refer to the County.

Additionally, the County has been unable to recruit pharmacists as County employees because the County's salaries fall below those of the private sector. ValleyCare currently has eight (8) vacancies and will have a ninth vacancy shortly.

Respiratory Care

As with pharmacy, the County's rates for respiratory care personnel are well below those charged and received by registries from non-County providers. The County's contract rate for Respiratory Care Practitioners is \$29 per hour while the registries charge and receive from \$51 to \$72 per hour from non-County providers. From July 1, 2003 through December 31, 2003, Harbor/UCLA has requested temporary respiratory care personnel every weekend night. The registries have been unable to supply any personnel. OVMC/UCLA requested temporary

respiratory care personnel a minimum of 47 times during the same time period with the registries unable to supply any.

The attached schedule (Attachment D) compares the County's contract rates to the non-County provider rates, by discipline, service type and position level.

The Department intends to offer amendments to the current contractor registry pool, which provide these temporary medical services to the DHS facilities, Sheriff's Department and other County departments, as needed. The Department also intends to allow other interested registries the opportunity to contract with the County, once qualified by our DHS facilities and reviewed and approved by County Counsel and the Chief Administrative Office. The Department will notify the Board of Supervisors of these additional registry contracts. These contract services will continue to be utilized only for the most critical Department functions for which County employees and County re-employment list personnel are not available to provide these services. The Department will continue to canvass qualified employees on the County's Re-employment List to determine potential interest in providing as needed or part-time services.

These amendments include provisions requiring each provider to have a risk management or loss prevention plan prior to commencing services and to comply with all County standard indemnification and insurance requirements.

The form amendments have been reviewed by the Department of Human Resources, affected unions, Employee Relations, and participating Department facilities.

Attachments A, B, C and D provide additional information.

County Counsel has approved the form amendments as to use and form.

CONTRACTING PROCESS:

These personnel services are on a temporary, as-needed basis to allow facilities to provide critical patient care services during staffing shortages. The Department has attempted to recruit for these highly competitive services, but has been unsuccessful. The Department will continue to attempt to fill its pharmacy and respiratory care vacancies.

Although these two categories of personnel services are being addressed in this Board action, the Department intends to return to the Board to request rate increases for other temporary medical personnel services items in the near future

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended amendments will ensure the continued availability of as needed temporary medical personnel services for County patients at County hospitals, comprehensive

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health centers, and health centers through June 30, 2005, with two one-year automatic renewals through June 30, 2007.

When approved, this Department requires three signed copies of the Board's action.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite". The signature is written in a cursive, flowing style.

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

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SUMMARY OF AGREEMENT

1. **TYPE OF SERVICE:**

As-needed and part-time medical personnel services.

2. **TERM:**

The amendments will become effective upon Board approval and continue through June 30, 2005, with provisions for two one-year automatic renewal periods ending on June 30, 2007.

3. **FINANCING INFORMATION:**

The estimated net County cost of the agreements is \$11.3 million for the period commencing upon Board approval through June 30, 2005. Funding for these agreements is available for the remaining two months in the Department's Fiscal Year Adopted 2003-04 Budget through existing salary savings and will be requested in future fiscal years.

4. **ACCOUNTABILITY FOR MONITORING:**

The administrators and medical directors at the DHS facilities and at the Sheriff's Department where services are provided will continue to monitor the contractor's performance.

5. **APPROVALS:**

Health Services Administration: Fred Leaf, Chief Operating Officer

Contract Administration: Irene E. Riley, Director

County Counsel (approval as to form): Sharon A. Reichman, Senior Deputy County Counsel

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cba:03/31/04

PROPOSED AGREEMENT RATES

| I. <u>Respiratory Care</u> | <u>New Flat Rate</u> |
|--|----------------------|
| Respiratory Care Practitioner (Resp. II) | \$51 |
| Respiratory Care Practitioner (Resp. I) | \$42 |
| Pediatric/Neonatal | \$48.25 |
| Interim Permittee | \$38 |
| II. <u>Pharmacy</u> | |
| Pharmacist | \$79 |
| Intern | \$51 |

EXISTING CONTRACTORS

RESPIRATORY CARE

CONTRACT NO.

Reliable Health Care Services
The Registry Network Inc., dba RTS/Medi-Temps

H-207304-3
H-211940-3

Temporary Medical Support Services

PHARMACY

Reliable Health Care Services
RX Relief

H-207306-3
H-212003-3

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RATE COMPARISON SCHEDULE
FOR SELECTED CONTRACTED SERVICES
AS OF APRIL 1, 2004

ATTACHMENT D

| SERVICE TYPE | CONTRACT HOURLY RATE | PROPOSED RATE | CONTRACTOR RATE RANGE |
|--|----------------------------|--------------------|-----------------------------|
| RESPIRATORY CARE | | | |
| Respiratory Care Practitioner (Respiratory II) (Pediatric/Neo-natal Care Services) (Floor/Critical Care) | \$29.00 | \$51.00 | \$51-72 |
| Respiratory Care Practitioner (Respiratory I) (Pediatric/Neo-natal Care Services) (Floor/Critical Care Services) | \$26.00 | \$42.00 \$48.25 | \$42-46 \$48.25 |
| Interim Permittee | \$26.00 | \$38.00 | \$38.00 |
| PHARMACY | | | |
| Pharmacist | \$49.00 | \$79.00 | \$79-89 |
| Pharmacy Intern | \$12.50-\$14.50 | \$51.00 | \$51-64 |